21-10

SUBMISSION

TO

THE ONTARIO COMMITTEE ON TAXATION

FILED BY

THE NATIONAL COUNCIL OF THE BAKING INDUSTRY

ON SUBJECT OF

MUNICIPAL LICENSING OF HAWKERS AND PEDDLERS

Toronto
Thirty-first
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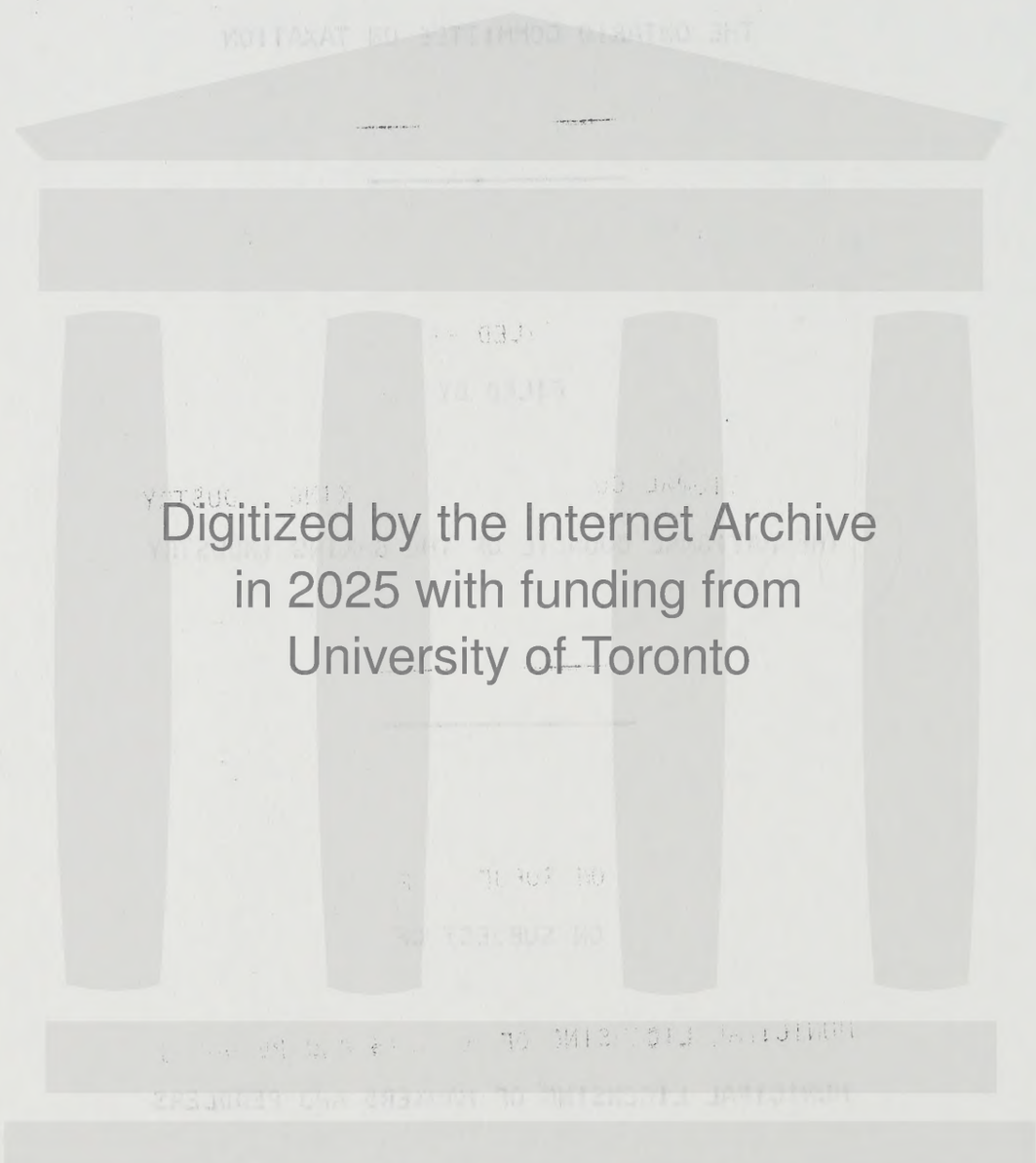

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1. This submission is filed on behalf of the National Council of the Baking Industry which is the trade association of the Bread and Bakery products manufacturers in Canada and whose membership includes Bakeries of all types and sizes representing between 80% and 90% of the total Bakery production in Canada.

2. The submission deals with that part of Section 399-(1) of the Municipal Act, R.S.O. 1960, Chapter 249, which reads:

> "By-Laws may be passed by the councils of counties, townships, towns and villages and of cities having a population of less than 100,000 and by boards of commissioners of police of cities having a population of not less than 100,000:
>
> 1. For licensing, regulating and governing persons who go from place to place or to a particular place with goods, wares or merchandise for sale, or who carry and expose samples, patterns or specimens of any goods, wares or merchandise that are to be delivered in the municipality afterwards."

It follows that By-Laws may be passed for the licensing of Bakers whose product happens to be manufactured outside of a given municipality and who sell their product by House-to-House routes within that municipality.

3. It is estimated that 79% of all Bread and Baked goods is sold by stores and that 21% is sold by House-to-House routes.

It is the purpose of this submission to make known the existence of what we feel is an anomaly, viz:

> Bakers' House-to-House routes are being taxed with a licence fee while store routes are not subject to a licence fee.

The following is a representative list of several municipalities and the amounts paid annually by the Bakers for their licences:

<u>In Western Ontario</u>		
	Delhi	$ 50
	Hespeler	$ 75
	Hensall	$ 75
	Blenheim	$100
	Ridgetown	$100
	Riverside	$ 50
<u>In Eastern Ontario</u>		
	Chalk River	$ 50
	Deep River	$ 75
	Innisville	$100
	Merrickville	$ 50
<u>In Northern Ontario</u>		
	Levack Township	$100
	Rayside	$ 50
	Chelmsford	$ 50
	Falconbridge	$ 2
	Powassan Village	$ 50
	Capreol	$100
	Timmins	$ 50
	Espanola Township	$100
<u>In Central Ontario</u>		
	Acton	$ 50
	Ajax	$100
	Bancroft	$100
	Bicroft	$100
	Bradford	$100
	Dysart	$100
	Georgetown	$ 50 per route
	Kaladar	$ 50
	Midland	$ 1
	Omemee	$ 50

(continued)

In Central Ontario (continued)

Orangeville	$ 50
Penetanguishene	$100
Port Credit	$ 50 plus $10 per route
Port Perry	$ 50
Streetsville	$ 50
Wellington	$ 75

The above should illustrate the inconsistency of rates from one municipality to the next.

It should also help to illustrate that the Baking Industry is paying a sum for licences to deliver a staple foodstuff, - Bread.

4. It may be noted here that for the other traditional food staple, - milk, an exemption is provided under item "When Licence not required." 1 (a)(VI).

5. Recent Trends in Bread Distribution

The Baking Industry has gone through a stage of what may be termed, "condensed history" in the last fifteen years. There has been a trend towards the closing of plants, the merging of resources and the centralizing of production facilities. Fifteen years ago there were scores of large sized bakeries in Ontario and the medium size numbered in the hundreds.

In 1963, one might say that four-fifths of the bread production in Ontario is accounted for by just eight or nine companies, each baking at central locations and then transporting their finished product to depots in radii of up to 250 miles.

Such developments help to hold down costs and make available to more people the delivery of Bread at lower prices by stores and by House-to-House routes.

6. Some Past History on Licensing of Bakers

Legislation to permit the licensing of Bakers came about at a time when Bread was made by numerous independent proprietors spread evenly throughout the Province. These proprietors were each a part of the native industry in their own municipality. House-to-House delivery was in most quarters the only mode of distribution and any Baker who entered the municipality from outside was a direct competitor to local business. In the interests of protection for the local business-man, the municipality would impose a tariff by charging an annual licence fee to any outsider crossing the boundaries and entering that village, town or township.

7. The case for Protection has changed

Of the bakeries that existed when this legislation was enacted, prior to World War II, only 5% are in existence today.

The small proprietor is still in the bakery business. He is usually the owner of a Retail Window Bake Shop that specializes in items that only he can produce by his skills as a bakery craftsman. His type of product is not made by the large Baker and hence neither is in competition with the other.

8. We believe it is inequitable that licence fee barriers should be imposed around the limits of individual municipalities all within the same Province. This, in practice, is a network of tariffs encircling a multiple of states each within a state, thus defying the system of free trade within the Province of Ontario.

Conclusion

It is felt by our Industry that this form of licensing is protecting the local businessman from an outside competitor who is no longer his competitor, but rather the main source of a basic food supply at the lowest price.

It is our contention that while no licence fee is levied when the Bakers deliver by store routes, it is an inequity that there should be a licence fee payable by Bakers when delivery is made by House-to-House routes.

If item 1 (a) "when licence not required" is to remain under Section 399-(1) of the Act, it is our recommendation that the following be added:

1 (a) "no such licence is required for hawking, peddling or selling goods, wares or merchandise," viz:

"by persons who sell bread or bakery products to the consumer or to any person for resale."

as in 1 (a)(VI) with respect to milk, or cream or fluid milk products.

All of which is respectfully submitted.

NATIONAL COUNCIL OF THE BAKING INDUSTRY,
Toronto.

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